

THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
vs.) No. 17 CR 30192-JBM-002
)
MICHAEL AUSTIN SEWARD,)
)
Defendant.)

STIPULATION OF FACTS

Comes now Steven D. Weinhoeft, United States Attorney for the Southern District of Illinois through Scott A. Verseman, Assistant U.S. Attorney for this District and herewith enter into the following Stipulation of Facts with the Defendant, Michael Austin Seward, represented by his attorney, Michael D. Walsh, pertaining to the conduct of the Defendant charged in the information in this case and the relevant conduct of the defendant within the scope of U.S.S.G. § 1B1.3.

1. Beginning on or about November 12, 2013, and continuing until on or about June 29, 2016, Defendant owned and operated a Florida corporation known as Client Care Experts, LLC, formerly known as First Choice Tech Support, LLC (“Client Care/First Choice”). Client Care/First Choice was located at 2637 East Atlantic Boulevard, #139, Pompano Beach, Florida, and 3301 Quantum Boulevard, Suite 201, Boynton Beach, Florida.

2. During the time he owned and operated Client Care/First Choice, Defendant knowingly and willfully conspired with the other owners, managers, and employees of Client Care/First Choice to commit an offense against the United States, namely to devise and participate in a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme,

and attempting to do so, knowingly to cause telephone calls, internet communications, credit card transactions, electronic fund transfers, and other signals to be transmitted in interstate and foreign commerce by means of wire and radio communication, including interstate wire communications between employees of Client Care/First Choice in southern Florida and consumers located in the Southern District of Illinois.

3. Client Care/First Choice was a Tech Support scam which defrauded thousands of consumers throughout the United States.

4. Defendant, the other owners, and the managers of Client Care/First Choice purchased internet advertisements that were known as pop-ups. These pop-ups appeared without warning on consumers' computer screens as they were browsing or searching the internet.

5. The pop-ups falsely informed the consumers that a serious problem had been detected with their computers. Frequently, the pop-ups falsely informed the consumers that viruses or malware had been detected. The pop-ups also frequently falsely told the consumers that they were at risk of losing all of the data and information stored on their computers.

6. The pop-ups sometimes froze the browsers of the computers they appeared upon. As a result, the consumers were sometimes unable to exit the pop-ups without shutting down or re-booting their computers.

7. The pop-ups instructed the consumers not to shut down or re-boot their computers. Instead of shutting down or re-booting, the pop-ups instructed the consumers to call a telephone number which appeared in the pop-ups.

8. When consumers called the telephone number listed on the pop-ups, their calls were routed to Client Care/First Choice. With the Defendant's knowledge and approval, the Client Care/First Choice salespersons who answered the calls identified themselves as Level One

Diagnostic Technicians. The salespersons then offered to help the consumers with the problems they were purportedly having with their computers.

9. In speaking with the consumers, the sales agents of Client Care/First Choice followed a script. Defendant was aware of and approved this script. The script was used to deceive the consumers into believing that there were serious problems with their computers, that they were in danger of losing all of their data and information, and that their computer problems could be solved by purchasing the services and products offered by Client Care/First Choice.

10. As part of the sales process, the salespersons convinced the consumers to allow Client Care/First Choice to gain remote access to their computers.

11. After gaining access to the consumers' computers, the salespersons looked through the consumers' computer systems and commented upon what they saw. Frequently, the salespersons commented on routine computer functions and processes and falsely stated that those functions and processes were evidence of problems. In addition, the salespersons often falsely stated that the pop-ups which appeared on the consumers' screens were evidence of problems with their computers.

12. The salespersons also ran a program known as Webroot System Analyzer ("Webroot") on the consumers' computers. Webroot was designed to scan computer systems and identify problems. Webroot gave each computer a mathematical score to reflect the health of the computer, with a score of 100 reflecting a fully healthy computer.

13. Regardless of the Webroot score, the script required the salespersons to convince the consumers that they had problems with their computers and that they needed to purchase the services and products offered by Client Care/First Choice.

14. In order to convince the consumers to purchase the Client Care/First Choice services and products, the salespersons employed something known as the “Best Buy pitch.” Under this pitch, the salespersons asked the consumers if they were located near a Best Buy or similar store. The sales persons then told the consumers that they could have their computers fixed at Best Buy or a similar store, but Best Buy or the similar store would take much longer, and charge them much more, than Client Care/First Choice. The Best Buy pitch was designed to make the consumers trust the salespersons, and to cause the consumers to believe that Client Care/First Choice was the best, quickest, cheapest, and most convenient way to have their purported computer problems resolved.

15. Throughout the calls, the salespersons concealed from the consumers the fact that if they just shut down or re-booted their computers, the pop-ups would go away and their computers would return to normal functioning. The salespersons also concealed from the consumers that Client Care/First Choice had caused the pop-ups which froze the consumers’ computer screens.

16. At the conclusion of the calls, the salespersons first sold the consumers a service known as a system “tune-up.” The price for the system tune-up was typically \$250. The salespersons also sold the consumers anti-virus protection software. The price for the anti-virus protection software was typically \$400. If the consumers stated that they were unable to afford these prices, the salespersons offered various discounts, such as senior discounts and military discounts.

17. Client Care/First Choice paid the salespersons a commission for each sale they made.

18. From at least October 14, 2015, and continuing through at least December 9, 2016, the defendants operated a second call room, located in the country of Costa Rica, that was known as ABC Repair Tech. ABC Repair Tech was operated in the same manner as Client Care/First Choice. Calls to ABC Repair Tech were generated through pop-ups which froze consumers' computer browsers. These pop-ups contained false and misleading statements designed to trick the consumers into believing their computers had serious problems. The pop-ups often directed the consumers not to shut down their computers, but to call a telephone number shown on their computer screens. When consumers called this number, their calls were directed to ABC Repair Tech salespersons. Using the script provided by defendants, these salespersons then attempted to trick the consumers into believing that their computers had serious problems so that they would purchase a computer tune-up and anti-virus protection software from ABC Repair Tech.

19. During their periods of operation, Client Care/First Choice and ABC Repair Tech victimized at least fifty-seven individuals who were located within the Southern District of Illinois.

20. As one of the owners and operators of the businesses, Defendant admits he knowingly and intentionally caused the customers of Client Care/First Choice and ABC Repair Tech to be deceived and defrauded through the means described in the preceding paragraphs.

21. During the time period that Defendant owned and operated the companies, Client Care/First Choice made sales totaling \$25,721,034.87 and ABC Repair Tech made sales totaling and ABC Repair Tech made sales totaling \$3,187,432.70.

22. As Defendant knew, Client Care/First Choice employees caused interstate wire communications to take place in furtherance of the conspiracy and scheme to defraud, including telephone calls, internet communications, and other signals between southern Florida and consumers located throughout the United States, including the Southern District of Illinois.

23. The conspiracy was conducted in connection with telemarketing and victimized ten or more persons over the age of 55.

All in violation of Title 18, United States Code, Section 1349.

SO STIPULATED:

STEVEN D. WEINHOEFT
United States Attorney


MICHAEL AUSTIN SEWARD
Defendant


SCOTT A. VERSEMAN
Assistant United States Attorney


MICHAEL D. WALSH
Attorney for Defendant

Date: 8/8/19

Date: August 8, 2019